# Freshness and Flavor: the Last Frontier

*Red Tomato's* Agro-Environmental Technology Grant

Final Report: December 26, 2000

An Agro-Environmental Technology Grant of $39,740 from the Massachusetts Department of Food & Agriculture was among the sources of financing that made it possible for Red Tomato to successfully revamp its operating system in 2000 and improve its ability to market the highest quality produce grown by Massachusetts farmers. The grant supported changes in database and information management, product development and farmer recruitment, transportation planning, general marketing and promotion.

## a. Work completed under the contract

- ***Database/computer system overhaul and upgrade,*** executed by Linda Nelson of Rudnick Computer Consultants (Providence, RI) enabled us to manage invoicing, pricelists (availability reports), financial reporting, and product information on the computer. (A sample *Availability Report* was attached in 6/12/00 report.)
- ***Product development work with Massachusetts farmers*** leading to improved product quality, new products, new farmer relationships, and new transportation links.
- ***Transportation planning*** to move product to customers faster, earlier, and more efficiently.
- ***New account development*** leading to 23 new retail accounts in Massachusetts including Roche Bros. and Wild Oats supermarkets.
- ***Planning work related to the creation of a refrigerated depot*** in Canton, Mass. The depot was completed on schedule and opened June 12.[1]
- ***Design and production of a series of color laminated point-of-sale cards*** to promote farms and products to consumers in stores[2].
- ***Product and promotion planning and coordination with customers.***
- ***Mid-season planning and response to problems encountered*** leading to systems improvement, and revised marketing plans for some farms, including the development of an export (out of region) sales program for transitional organic cranberries.

## b. Objectives

- ***Transformed systems.*** The primary objective, "to develop the systems technology–a marketing and delivery system–that strengthens the competitiveness of Massachusetts…fruits and vegetables…" was accomplished with high marks.

It required a transformation of internal systems: In 1999 Red Tomato consolidated orders on the loading docks of participating farmers, sorted and repalletized products by customer, before delivering them the same day. The trucker was the quality control

[1] MDFA Agro-Env. Tech. funds supported the planning process only. Capital expenses were paid by other sources.
[2] Point-of-sale cards paid for with support from an MDFA Ag. Marketing grant *and* this Agro-Env. Tech. grant.

eye and the warehouser, an untenable system made possible by one exceptional truck driver.

In December 1999 we decided to centralize operations and create a refrigerated depot. In a period of 7 months (between December 1999 and June 2001) Equal Exchange accommodated our space needs in its already crowded Canton warehouse, which necessitated the racking of the entire warehouse; we raised sufficient funds for our part of the change, upgraded the database and computer system, built a walk-in cooler with racking, rented two trucks and hired drivers, revamped our trucking and warehousing schedule (from p.m. to a.m.), reorganized additional inbound transportation around the new RT schedule, and opened the season on schedule on June 12. The new systems and equipment performed well all season.

• ***Sales goals.*** We projected to more than double the volume of Northeast small farm products we distribute from $205,000[3] in 1999 to $450,000 in 2000; in actuality, we increased the volume to $473,000.

We also projected to grow the Massachusetts share of total volume from $90,000 in 1999 to $225,000 in 2000; in actuality, we increased the Mass. share to $239,000, representing 50.5% of annual sales. Sales by farm are provided in the confidential Attachment A.

**c. Problems encountered and response**

• ***The database did not execute purchase orders and trucking schedules,*** necessitating a significant investment of manual labor to tabulate order quantities, write out purchase orders, and design daily truck routes. This was due to our inability to forecast and understand new systems before they were in place.

• ***The weather.*** The weather always throws a curve ball or two. In 2000, the weather was a candidate for a Cy Young Award, throwing one curve ball after another for most of the late spring and summer: Early frost and hail destroyed Red Tomato's single most successful crop in 1999–tree-ripened peaches from eastern Pennsylvania (marketed to natural food stores in Philadelphia). Peach grower Calvin Beekman declared all 60 acres unsuitable for direct marketing. The same early weather trends made it impossible to trial plums and apricots from eastern New York.

In western Massachusetts, Happy Valley Organics co-op member and lettuce grower Dave Jackson reported "22 inches of rain in July; that's half the average annual rainfall in what's supposed to be the driest month of the year." Co-op sales manager and squash grower Doug Coldwell reported new diseases he'd never seen before, all on account of wetness.

[3] These figures are expressed in terms of dollars charged customers (wholesale price), not dollars paid farmers.

For Red Tomato, the wetness caused highly inconsistent, and at times nonexistent, supply from virtually all vegetable growers, most notably for summer squash, lettuce, corn, and tomatoes.

We responded by investing more time and promotional focus on blueberries, apples, pears, and IPM vegetables. The overall result was positive, though it hurt our Massachusetts sales numbers since RT's two main apple growers are from New Hampshire and Connecticut.

• ***Truck drivers.*** We had a difficult time hiring and keeping reliable drivers in the early part of the season. As a result, two RT brokers got behind the wheel to deliver product they were also brokering. In August we switched our pick-up and delivery cycle dramatically, and soon after found two top notch drivers. We anticipate both will return for 2001.

**d. Implementation of project results in Mass. food and agriculture industry**

Since Red Tomato's work is market-based, as opposed to a research project, the results are applied as we go.

Red Tomato staff have shared and will continue to share the results of our work at the following regional food and agriculture events:

- *Cooperatives in the International Trade Environment 2000 and Beyond,* Shelburne, VT, 10/23/00
- Oxfam America's *Farm Bill Learning & Dialogue Sessions,* Boston, MA, 12/13-14/00
- *New England Fruit Meetings & Trade Show,* Sturbridge, MA, 1/10/01
- NOFA/NY's *Real Food, Farms & Markets* conference, Syracuse, NY, 1/12-14/01

and there shall be others!

**e. Economic impact**

There are seven ways a farmer might benefit by marketing through Red Tomato:

- *New markets*. They sell an increasing share of their wholesale-market produce to new customers who specifically seek out product on the basis of freshness, flavor, and local origin;
- *Improved or market-matched product quality*. They modify their production, post-harvest handling, and/or packaging methods to achieve a more desirable product;
- *Enhanced name/brand equity*. They build equity (recognition) in their farm name and brand as a result of point-of-sale promotion (signs, ads, and tastings) in stores;
- *Better returns*. They realize higher and more stable prices on average over the long term than through other wholesale channels;
- *Diversification*. They grow new varieties/crops that result in new markets and/or increased income;
- *Sharper focus*. By marketing through Red Tomato, they focus their time on activities they do best;

- *Enhanced job satisfaction*. They feel more in control of their wholesale marketing due to (i) feedback and appreciation from trade buyers and consumers, (ii) winter/ spring planning to set strategy and expectations, and (iii) a marketing relationship based on trust and common goals.

In any year, a grower might experience one, two or three of these benefits. The same grower might experience a different benefit in another year.

In 2000, Red Tomato worked with 25 farms, 16 in Massachusetts. Our product and educational message was delivered to 40 retailers in Massachusetts where it was offered to more than a million consumers. The $239,000 in RT sales of Massachusetts-grown product had a retail value of approximately $435,000.

Happy Valley Organics sales manager and farmer Doug Coldwell told Red Tomato brokers at an evaluation meeting in early December: "I was extremely happy with the results this year. You exceeded our projections, and we would have achieved more together were it not for the weather." On the critical side he noted that the order lead-time from Red Tomato [significantly less than from other customers] was a source of frustration. Order lead-time is the focal point for change in the RT/HVO relationship for 2001. Changes should lead to improvements in product quality as well as a smoother harvest and post-harvest cycle. Happy Valley projects to do twice as much volume with Red Tomato in 2001 as in 2000.

Apple and pear grower John Lyman of Lyman Orchards (Middlefield, Conn.) told Red Tomato he received better than average returns on the fruit sold to Red Tomato for two years running. Both Lyman and Pennsylvania orchard grower Calvin Beekman claim they market through Red Tomato's direct-store program in order to get closer to the consumer.

Lettuce grower Richard Bonanno said he was glad to diversify his markets through Red Tomato, and to have customers who appreciated the extra effort he puts toward freshness and quality control. He said the returns from Red Tomato were on par with other customers.

In the case of Pleasant Valley Farms (Bonanno), RT retail customers bought and sold Massachusetts lettuce in place of California lettuce. In other RT examples, Massachusetts or Northeast-grown product replaced product from the Southeast, the Mid-Atlantic states, or from outside the United States. There were also times when RT product simply replaced other Northeast or even other Massachusetts product, because the RT quality was perceived as superior, or because of the convenience of getting it along with other RT products.

## f. Environmental concerns addressed

Most Red Tomato growers share a commitment to raise food ecologically, with minimal reliance on pesticides. A quarter are organic, pioneers in the transition away from chemical agriculture. One half are also pioneers in their own right–the highly conscientious IPM practitioners, most of them tree-fruit growers, some of them IPM-certified by Core Values Northeast. The remainder practice IPM, but are less dogged about it.

Red Tomato promotes organic certifications, the CORE Values Northeast IPM certification, and IPM in general in its point-of-sale materials.

In late November, we held a day-long symposium for farmers and Red Tomato staff and directors on the marketing and promotion of IPM and organic products. The symposium confirmed the centrality of both IPM and organic products to Red Tomato's program, and it clarified to what degree Red Tomato can and should do education around IPM in particular. A summary of the lessons learned is attached.

## g. Number of acres affected

The 16 Massachusetts farmers Red Tomato worked with in 2000 were farming a total of approximately 600 acres. Most of that acreage was intensive, planted to vegetables or berries.

## h. Other impacts

Red Tomato focuses its promotion of Massachusetts and Northeast product on trade buyers, as well as on consumers and the public. In 2000, we had weekly contact with several dozen trade buyers through our availability report and through the ordering process. In the exchange, we learned a great deal about how to customize organic, IPM, and local products to meet the particular needs of different kinds of retailers.

Among the most successful of educational tools is a *trade buyer farm visit*. In August, we took eight trade buyers from the Roche Bros. supermarket chain to visit one Massachusetts vegetable grower and one New Hampshire apple orchard. For a couple of buyers, the farm tour was their first opportunity to meet a grower whose product they sold on a regular basis. For the rest, it was a positive change of pace, *and* a chance to see the produce industry through the farmer's eyes. Best of all, it gave trade buyers an informal opportunity to express their appreciation and make their requests for improvements directly to the producer, an automatic win for all involved, consumers included.

## i. Attachments

- Attachment A: *Red Tomato sales of Massachusetts product in 2000*
- final budget with relevant invoices/receipts
- *Lessons learned from the* [November 29, 2000] *IPM/ECO symposium*
- *Demos & In-Store Tastings: Season 2000* (a complete list)